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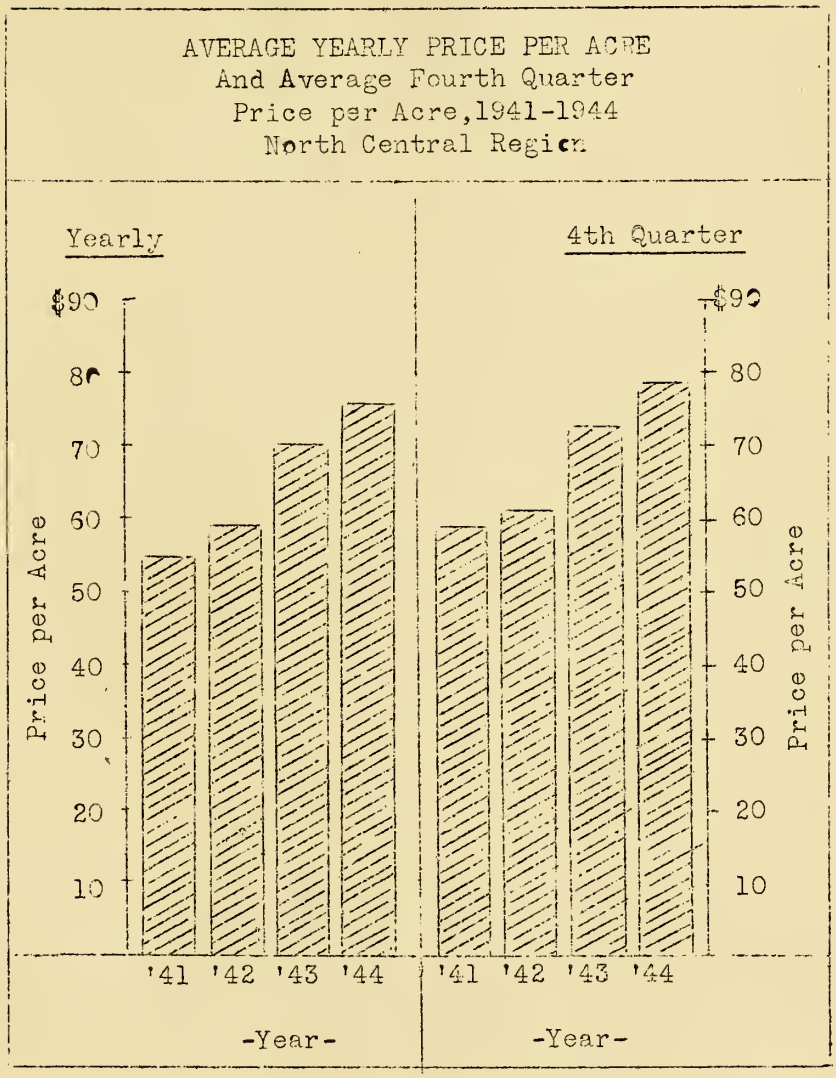
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE NORTH CENTRAL REGION

Fourth Quarter 1944



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SUMMARY

VOLUME: The volume of transfers in the current quarter is 9 percent below the fourth quarter of last year. This is the third consecutive quarter that volume has been below the same period of a year earlier. However, total transfers for the year are larger than any year since the study began in 1941 because of the extremely large volume of sales in the first quarter of the current year.

PURCHASERS: Sixty-four percent of the tracts sold in the current quarter were purchased by farmers. This is the smallest proportion of farmer purchases since the third quarter of 1943. Tenants purchased 29 percent of all the tracts transferred. If reported intentions are carried out, sixteen percent of the tracts purchased in the current quarter will be operated by non-farmers.

SELLERS: Individuals continue to be the largest group of land sellers. Seventy-seven percent of the tracts transferred were sold by individuals. The proportion of tracts sold by landlords is somewhat higher this quarter than in previous quarters. Fifty-four percent of the owner-operators who sold land intend to continue farming; thirty-three percent will retire, and thirteen percent plan to enter some other occupation.

PRICES: Average current quarter land prices are 8 percent above the same period of last year, 28 percent above the fourth quarter of 1942 and 32 percent above the fourth quarter of 1941. The average price has increased from $55 per acre in 1941 to $76 per acre in 1944, an increase of 38 percent.

BUYER'S EQUITY: Fifty-six percent of the buyers paid cash for the land they bought. For the region as a whole, buyers who have financed their purchases have an average equity of 42 percent. Eighty-four percent of the tracts transferred in the Cotton Area carry a mortgage, and the buyers of these properties obtained an average equity of only 27 percent.

MORTGAGE FINANCING: Sellers continue to be the principal source of credit for financing new land purchases, but are of less importance than a year ago. Commercial banks are becoming more common as a source of mortgage credit. During the present quarter a higher proportion of bank loans were made than in any previous quarter. All of the primary types of farming areas of the region show a larger average debt per acre on total purchases as well as financed purchases than a year ago.

RESALES: Almost 13 percent of the third quarter transfers were resales of tracts held one year or less. These resales were made at an average of 28.3 percent above the purchase price. Land sold in the current quarter was retained in ownership of the seller an average of 13 years. However, thirty-four percent of these tracts were in the sellers possession not more than 5 years.

OUTLOOK: Three successive quarters of the current year have shown a lower volume of transfers than comparable quarters of the preceding year with sales made at continually increasing prices. Such a process can be expected to continue and may be accentuated.

WARTIME LAND MARKET SURVEY 1/

Fourth Quarter, 1944 2/

Introduction

Up until 1920 land had almost constantly appreciated in value and during World War I land was thought to be the most secure investment for accumulated purchasing power. Since 1920 we have learned that land values can go down as well as up. This fact has brought considerable thinking about "normal values" as a basis for determining the capitalized value of a farm. It is doubtful if more than a small fraction of all the persons who buy farms even now determine the maximum price through a capitalization procedure. Their desire for a particular farm and the possession of purchasing power are more apt to set their maximum.

The January 1, 1944 estimate places the total value of land in the United States at about 45½ billion dollars and the outstanding mortgage debt at about 5.5 billion dollars. This is almost the exact value and debt that existed on January 1, 1917. 3/ Although at the present time total mortgage debt is being reduced whereas it was increasing up to 1917, it must be recognized that much of the current debt reduction is through the payment of long standing mortgages, at the same time new obligations are being assumed by present buyers. With the continuing high volume of transfers and a steady increase in the amount of new indebtedness being assumed it may be expected that the trend toward total debt reduction will soon be slowed down or even reversed.

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Departments of Agricultural Economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

2/ This report is the twelfth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ The Impact of the War on the Financial Structure of Agriculture. BAE - Sept. 1944.

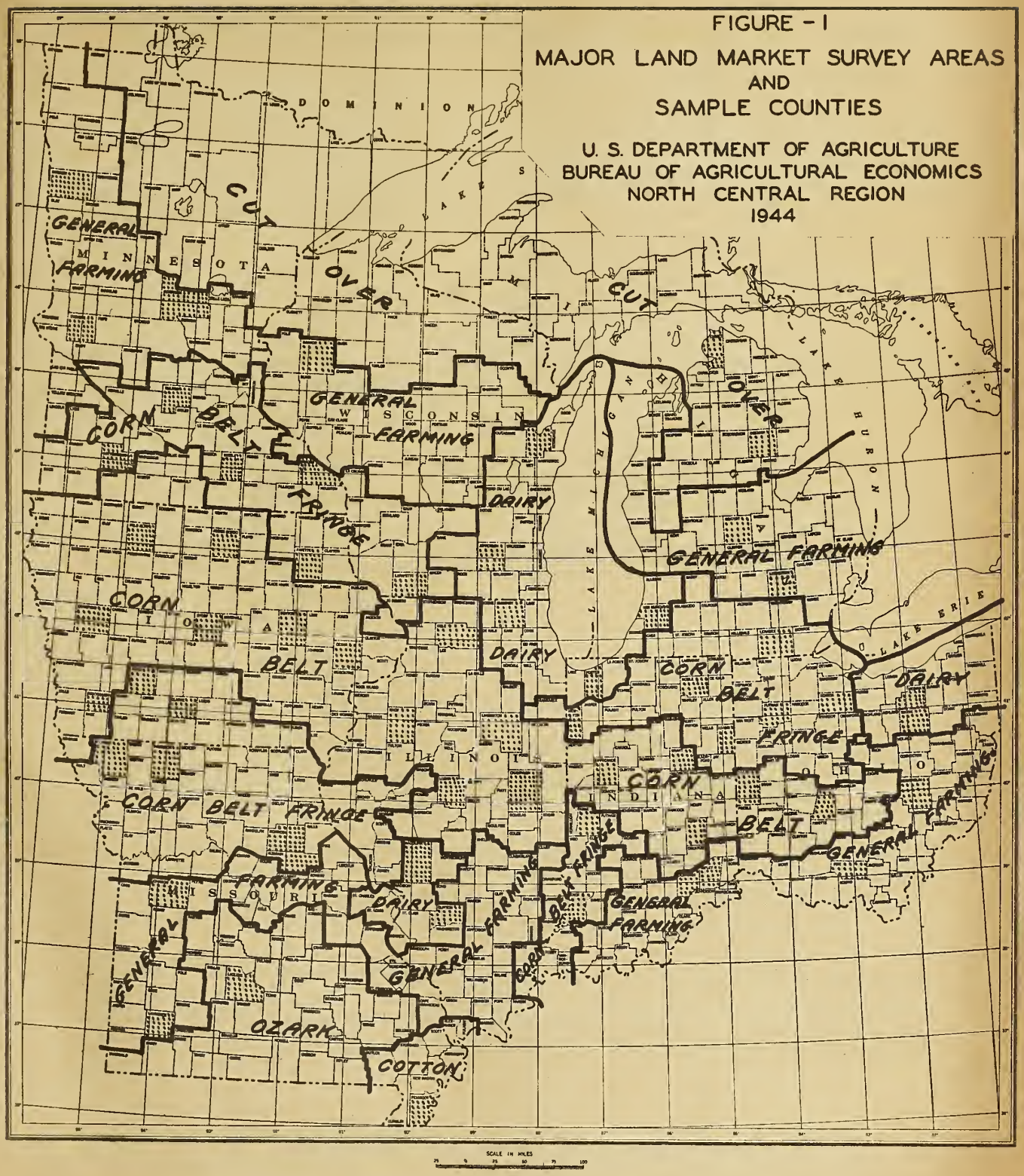
FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES
U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944
DOMINION
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ERIE
MINNESOTA
WISCONSIN
IOWA
ILLINOIS
INDIANA
OHIO
MISSOURI
GENERAL FARMING
CUT OVER
CORN BELT
CORN BELT FRINGE
DAIRY
OZARK
COTTON
SCALE IN MILES

As the price of land continues to increase, the next few years may prove to be the critical years for mortgage indebtedness in this war period. Approximately half of the purchases of farm land since the beginning of World War II have been financed by mortgage. There are undoubtedly some buyers in this group who have placed themselves in a dangerous financial position and face not only loss of equity but loss of their farm if farm income drops from the present level. Persons urged to buy land because of the sense of security and independence which the ownership of land seems to convey should carefully consider the dangers which accompany high mortgage indebtedness.

VOLUME

The current quarter shows a continuation of the decline in the volume of transfers over comparable quarters of last year which began in the second quarter. (Table 1).

TABLE 1. Average Number of Land Transfers per County

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	39	46
1944	77	47	34	42

There were 9 percent fewer farm land transfers in the present quarter than in the same period of last year. However, the volume of sales is still well above the fourth quarter of 1942.

The Cutover and Ozark Areas and the Cotton Area are the only areas showing an increase in the number of transfers over the fourth quarter of last year. The greatest decline in volume of transfers for this same period was experienced by the Corn Belt Fringe Areas (Table 2).

Although the volume of transfers since the second quarter of this year has been less than the same periods of last year, the volume of sales in 1944 was 4 percent greater than in 1943. This is accounted for by the extremely heavy volume of sales in the first quarter of the current year.

TABLE 2. Average Number of Farm Real Estate Sales per sample county 1941-1944 - North Central Region 1/

Area 2/	No. of sample Counties for 1944	Average Quarterly Sales 3/ 1941	1942	1943	1944	Fourth Quarter 3/ 1941	1942	1943	1944
		Number							
CORN BELT AREAS	17	32	24	34	33	30	17	22	18
Central Indiana-Ohio	5	33	31	51	40	32	30	50	33
Illinois-Indiana Cash Grain	3	25	24	27	21	29	19	15	14
Illinois-Iowa Livestock	3	35	25	29	32	31	16	20	19
Central and Northern Iowa	4	37	21	30	34	31	11	15	12
Western Iowa	2	21	20	37	35	24	9	13	16
DAIRY AREAS	9	54	38	52	53	55	35	57	53
Northeastern Ohio	2	48	44	58	69	48	42	53	54
Lake Michigan	5	60	41	54	51	60	38	64	56
East St. Louis	2	39	22	38	39	47	18	39	38
CORN BELT FRINGE AREAS	20	33	28	42	45	30	26	40	32
Toledo General Farming	4	39	37	55	54	26	39	49	39
Kankakee River	2	31	25	26	24	22	21	22	20
Lower Wabash River	2	20	24	45	49	19	29	60	40
Missouri Putnam Soils	2	43	33	49	55	48	28	61	42
Iowa-Missouri Pasture	2	45	33	51	47	51	34	38	31
Maryville-Greenfield Livestock	2	43	37	63	65	42	18	42	30
Southern Minnesota	3	20	16	25	35	19	16	29	32
LaCrosse-Dubuque Livestock	3	28	22	33	38	25	26	33	23
GENERAL FARMING AREAS	12	38	41	61	68	50	43	71	66
Southeastern Ohio	2	35	28	55	54	35	30	43	58
Southeastern Indiana	2	37	32	56	64	22	30	75	66
Southwestern Missouri Plains	2	57	43	83	81	65	54	83	68
Central Minnesota-Wisconsin	2	43	53	76	91	55	48	99	85
Red River Valley	2	20	20	24	28	31	27	37	41
Central and Western Michigan	2	48	48	58	66	64	56	65	56
CUTOVER AND OZARK AREAS	3	74	61	80	71	108	80	74	79
Michigan Cutover	2	31	25	31	33	32	24	36	35
Missouri Ozark	1	88	72	95	83	132	98	86	93
MISSOURI-ILLINOIS COTTON AREA	1	51	26	26	29	87	42	52	58
REGIONAL AVERAGE (Total)	62	39	33	48	50	43	32	46	42

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

PURCHASES

Sixty-four percent of the tracts sold inthe current quarter have been purchased by farmers (Table 3). This is only a slight drop from 65 percent last quarter but it is still the smallest proportion of farmer purchases since the third quarter of 1943. However, a somewhat higher proportion of these farmer buyers will operate their newly acquired land than in any quarter of the past two years.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

Year	Farmers		Non-Farmers	
	To operate	To lease to others	To operate	To lease to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20

The proportion of purchases by tenants in the current year have varied from 32 percent of all transfers in the first quarter, 44 percent in the second quarter, 22 percent in the third quarter and 29 percent in the present quarter.

The proportion of non-farmer buyers who have indicated intent to operate their new land purchases has increased almost constantly since the first quarter of 1943. Sixteen percent of the tracts purchased in the current quarter will be operated by non-farmers if intentions are carried out.

Purchases by farmers were heaviest in the Cotton Area and Corn Belt Fringe Areas where farmers purchased at least 70 percent of the land sold.(Table 4). Non-farmer purchases were heaviest in the Cutover and Ozark Areas where almost 3/5 of the tracts were purchased by non-farmers. In the Dairy Areas non-farmers bought 40 percent of all the tracts sold. These two areas also have the heaviest concentration of non-farmer buyers with intentions to operate.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, fourth quarter 1944, North Central Region

Area	Total Transfers Classified	Farmers: To operate	Farmers: To lease to others	Non-farmers: To operate	Non-farmers: To lease to others
	(Number)	- - - - - Percent - - - - -			
CORN BELT AREAS	210	58	7	10	25
Central Indiana-Ohio	114	60	5	10	25
Illinois-Indiana Cash Grain	18	50	6	11	33
Illinois-Iowa Livestock	25	48	12	16	24
Central and Northern Iowa	25	64	8	8	20
Western Iowa	28	61	3	4	32
DAIRY AREAS	167	53	7	27	13
Northeastern Ohio	37	46	3	24	27
Lake Michigan	92	52	5	33	10
East St. Louis	38	66	16	10	8
CORN BELT FRINGE AREAS	318	64	6	9	21
Toledo General Farming	61	46	12	16	26
Kankakee River	28	71	4	7	18
Lower Wabash River	37	54	11	19	16
Missouri Putnam Soils	52	62	4	15	19
Iowa-Missouri Pasture	31	74	3	7	16
Maryville-Greenfield Livestock	28	82	4	3	11
Southern Minnesota	49	59	6	4	31
LaCrosse-Dubuque Livestock	32	68	7	7	18
GENERAL FARMING AREAS	386	57	5	20	18
Southeastern Ohio	71	45	3	20	32
Southeastern Indiana	93	53	5	23	19
Southwestern Missouri Plains	52	52	6	25	17
Central Minnesota-Wisconsin	102	72	4	16	8
Red River Valley	24	50	13	8	29
Central and Western Michigan	44	50	2	32	16
CUTOVER AND OZARK AREAS	58	40	1	41	18
Michigan Cutover	17	35	0	53	12
Missouri Ozark	41	41	2	37	20
MISSOURI-ILLINOIS COTTON AREA	48	56	17	2	25
REGIONAL TOTAL	1187	58	6	16	20

SELLERS

Individuals continue to be the largest group of land sellers. In the current quarter a higher proportion of tracts have been sold by individuals than in any previous quarter (Table 5). Seventy-seven percent of the tracts transferred were sold by individuals as compared to 69 percent in the fourth quarter of 1942 and 70 percent in the fourth quarter of last year. The quarter of closest comparison is the first quarter of the present year when 76 percent of the tracts were sold by individuals.

Sales by individuals were heaviest in the Cutover and Ozark Areas and in the Dairy Areas while they were lightest in the Cotton Area.

The proportion of sales by landlords is somewhat higher this quarter than in previous quarters. For the first time sales by landlords have been heaviest in the Corn Belt Areas with one-third of the sales being made by this group.

Sales by corporations and governments show a decline from 11 percent last quarter to 9 percent for the current quarter which is considerably below any previous quarter.

The proportion of sales by owner operators is the same as a year ago as well as the first quarter of this year but slightly above the second and third quarters of the present year.

Fifty-four percent of the owner operators who sold land in the current quarter intend to continue farming (Table 6). This is the same proportion as a year ago but higher than the 51 percent indicating such intentions in the second and third quarter of this year. Thirteen percent plan to go into another occupation as compared to 9 percent last quarter and a year ago.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, fourth quarter, 1944. North Central Region.

Area	Total transfers classified	Intent of owner-operators after selling land: Continue to Farm	Other Occupations	In Armed Forces	Retire
	(Number)	Percent			
Corn Belt Areas	51	55	16	0	29
Dairy Areas	68	41	9	0	50
Corn Belt Fring Areas	81	54	11	0	35
General Farming Areas	134	57	13	0	30
Cutover and Ozark Areas	26	46	19	0	35
Cotton Area	11	82	18	0	0
REGION	371	54	13	0	33

TABLE 5. Types of Owners selling farms, fourth quarter, 1944
North Central Region

Area	Total transfers	Type of Seller: Owner operator	Landlord	Unclassified individuals	Estates	Corporations and Govt.
	(Number)	Percent				
CORN BELT AREAS	342	12	33	27	18	10
Central Indiana-Ohio	163	24	42	14	18	2
Illinois-Indiana Cash Grain	43	5	33	37	16	9
Illinois-Iowa Livestock	58	16	26	34	24	0
Central and Northern Iowa	46	11	26	33	13	17
Western Iowa	32	3	47	0	31	19
DAIRY AREAS	461	16	22	50	10	2
Northeastern Ohio	107	16	10	63	10	1
Lake Michigan	278	17	24	50	7	2
East St. Louis	76	13	28	34	21	4
CORN BELT FRINGE AREAS	638	15	22	38	16	9
Toledo General Farming	155	12	18	50	15	5
Kankakee River	40	35	18	20	20	7
Lower Wabash River	80	12	17	43	25	3
Missouri Putnam Soils	84	18	38	21	10	13
Iowa-Missouri Pasture	61	15	26	39	17	3
Maryville-Greenfield Livestock	60	10	12	42	13	23
Southern Minnesota	95	16	24	34	19	7
LaCrosse-Dubuque Livestock	63	10	29	41	9	11
GENERAL FARMING AREAS	713	18	26	33	13	10
Southeastern Ohio	115	22	34	29	14	1
Southeastern Indiana	132	33	26	23	16	2
Southwestern Missouri Plains	135	13	25	47	8	7
Central-Minnesota-Wisconsin	170	18	27	23	15	17
Red River Valley	49	20	25	27	12	16
Central and Western Michigan	112	14	18	55	11	2
CUTOVER AND OZARK AREAS	163	17	28	46	2	7
Michigan Cutover	70	17	14	64	3	2
Missouri Ozark	93	17	33	40	2	8
MISSOURI-ILLINOIS COTTON AREA	58	19	31	3	0	47
REGIONAL TOTAL	2375	15	27	35	14	9

PRICES

Continued rising prices pushed the average regional sale price of land transferred in the fourth quarter of 1944 to $78 per acre and established a new high for the region (Table 7).

TABLE 7. Average Price Per Acre

Year	Quarter			
	First	Second	Third	Fourth
	Dollars			
1941	53	54	55	59
1942	60	58	61	61
1943	68	68	73	72
1944	76	73	77	78

The average per acre sale price of land sold in the current quarter is 8 percent higher than the same period last year (Table 8). The present price also represents a 28 percent increase over the fourth quarter of 1942, a 32 percent increase over the fourth quarter of 1941, and a 1 percent increase over last quarter.

The greatest increase - 41 percent - over the fourth quarter of last year occurred in the Illinois-Indiana Cash Grain Area, the area of highest average land prices. The Cotton Area was the only major type of farming area which shows a decline in average price since a year ago. In spite of this the greatest increase since the fourth quarter of 1941 has also been in the Cotton Area where average current quarter prices are 76 percent above the same period of 1941.

The average yearly advance in land prices since 1941 has been slightly more than 1 percent a month. The average price has increased from $55 per acre in 1941 to $76 per acre in 1944, an increase of 38 percent. The greatest increase occurred from 1942 to 1943 when the average price rose from $59 per acre to $70 per acre, an increase of 19 percent.

The increase in the 1944 average price over the 1941 average price varied from 67 percent in the Cotton Area to 36 percent in the Corn Belt Areas.

Figure 2 shows the relationship of current land prices to land prices in preceding years. The average purchase price of land bought from 1912 through 1931 was higher than the current quarter average selling price. On the other hand land purchased in the period of 1937 through 1941 and sold in the current quarter brought an average of 51 percent more than its original purchase price.

TABLE 8. Average per acre price of farm real estate changing ownership in sample counties, by areas, 1941-1944 North Central Region 1/

Area	Yearly Average 2/ 1941	1942	1943	1944	Fourth Quarter 2/ 1941	1942	1943	1944	Pct. change 4th quarter '44 over 4th quarter '43
	- - - - - - - -			-Dollars			- - - - - - - -		(Percent)
CORN BELT AREAS	90	97	112	122	99	98	112	126	+13
Central Indiana-Ohio	82	87	99	114	82	89	102	122	+20
Illinois-Indiana Cash Grain	125	141	148	164	134	151	128	180	+41
Illinois-Iowa Livestock	84	93	109	116	97	92	104	130	+25
Central and Northern Iowa	86	92	113	118	101	88	122	108	-11
Western Iowa	68	68	78	89	65	70	82	97	+18
DAIRY AREAS	66	70	86	94	63	73	94	97	+ 3
Northeastern Ohio	69	78	91	101	73	81	101	111	+10
Lake Michigan	69	72	92	98	65	77	103	100	- 3
East St. Louis	53	52	59	68	45	48	54	68	+26
CORN BELT FRINGE AREAS	49	52	62	68	54	54	63	66	+ 5
Toledo General Farming	66	73	86	95	69	69	83	89	+ 7
Kankakee River	57	58	69	67	58	70	62	79	+27
Lower Wabash River	38	44	56	61	47	44	64	53	-17
Missouri Putnam Soils	23	24	29	30	24	26	29	30	+ 3
Iowa-Missouri Pasture	29	33	35	49	34	37	45	44	- 2
Maryville-Greenfield Livestock	55	53	59	63	62	56	62	62	0
Southern Minnesota	56	60	79	81	65	64	74	77	+ 4
LaCrosse-Dubuque Livestock	49	50	54	63	52	44	59	64	+ 8
GENERAL FARMING AREAS	27	30	35	39	27	33	37	42	+14
Southeastern Ohio	24	28	27	34	25	28	29	34	+17
Southeastern Indiana	24	23	33	35	15	23	35	41	+17
Southwestern Missouri Plains	28	26	35	38	33	27	39	48	+23
Central Minnesota-Wisconsin	18	22	27	31	17	26	28	36	+29
Red River Valley	22	25	28	32	20	24	31	33	+ 6
Central and Western Michigan	49	55	63	66	51	63	63	66	+ 5
CUTOVER-OZARK AREAS	14	15	18	20	16	16	18	21	+17
Michigan Cutover	16	18	21	24	19	20	22	26	+18
Missouri Ozark	14	14	17	19	15	15	17	19	+12
MISSOURI-ILLINOIS COTTON AREA	78	93	139	130	86	101	154	151	- 2
REGIONAL AVERAGE	55	59	70	76	59	61	72	78	+ 8

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas forwhich 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

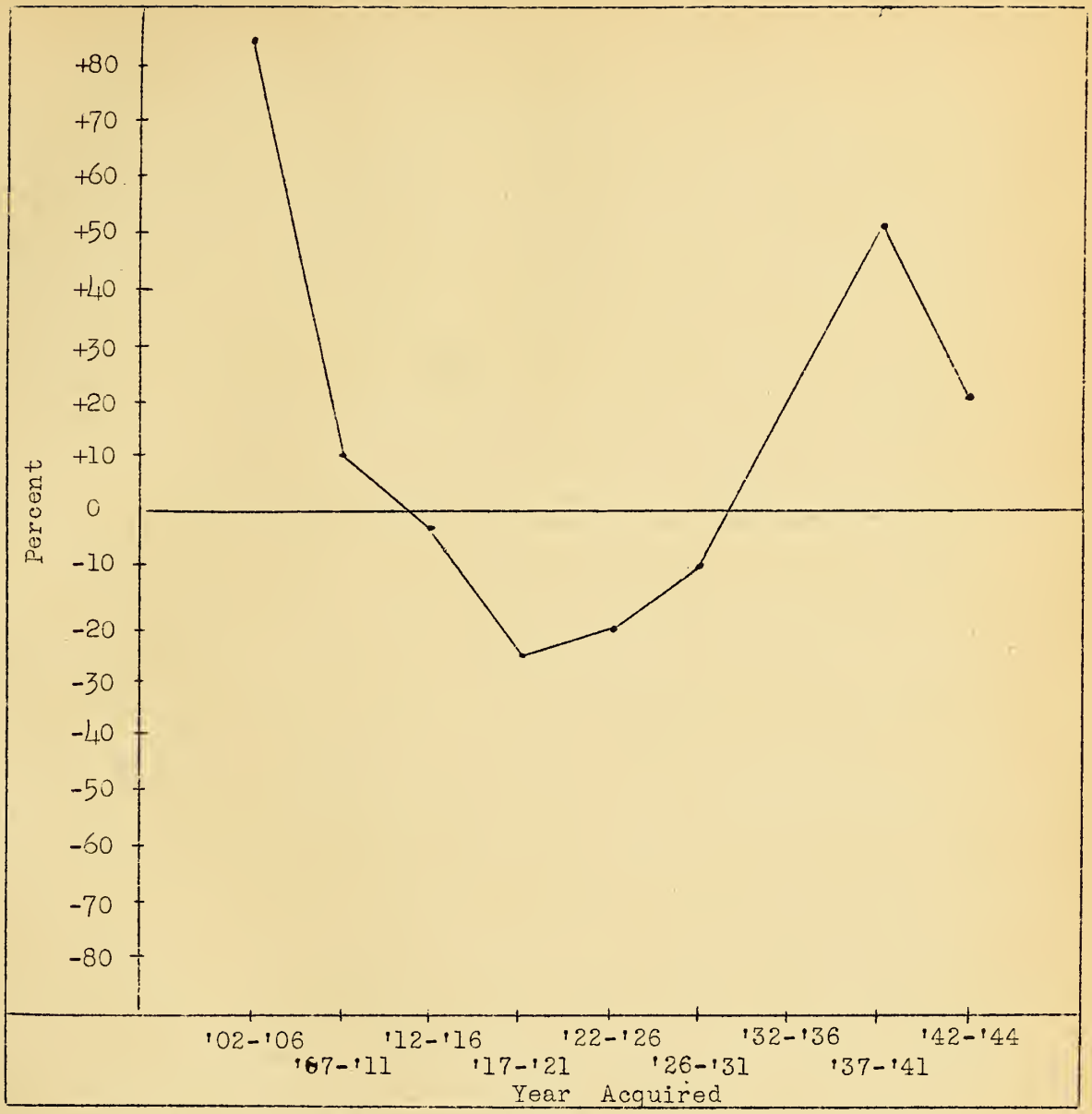

FIGURE 2. The average percentage change in the price of land sold during the fourth quarter of 1944 from the price at which the land was acquired. 1/

1/ Based on data from questionaires returned by 268 individuals selling land.

BUYER'S EQUITY

Forty-four percent of the tracts transferred in the current quarter are encumbered by mortgage or purchase contract (Table 9). This represents an increase from last quarter but is lower than the same period of last year.

TABLE 9. Proportion of tracts financed by mortgage or contract - North Central Region 1/

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	44

Only 1 percent of the transfers in the current quarter have been financed by contract (Table 10). This proportion has not varied since the fourth quarter of last year.

The heaviest concentration of cash sales occurred in the Cutover and Ozark Areas. The Cotton Area is the only area with a lower proportion of cash sales than a year ago.

For the region as a whole buyers who have financed their purchases have an average equity of 42 percent compared to 39 percent last quarter and a year ago. Buyer's equity in all properties transferred has dropped from 70 percent last quarter and is only slightly above the fourth quarter of last year.

Eighty-four percent of the tracts transferred in the Cotton Area carry a mortgage and the buyers of these properties obtained an average equity of only 27 percent.

The greatest equity in mortgaged financed purchases as well as all properties transferred appears in the area of highest average land prices - the Illinois-Indiana Cash Grain Area.

1/ Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties North Central Region, fourth quarter, 1944

Area	Total Transfers	Method of Financing: Cash sales	Cash and Mortgage	Purchase contracts	Buyer's equity: In mortgaged properties 1/	In all properties deeded
	(Number)	Percent				
CORN BELT AREAS	342	53	46	1	45	70
Central Indiana-Ohio	163	39	61	0	45	62
Illinois-Indiana Cash Grain	43	72	28	0	60	87
Illinois-Iowa Livestock	58	57	43	0	52	76
Central & Northern Iowa	46	57	43	0	35	68
Western Iowa	32	28	66	6	40	49
DAIRY AREAS	461	62	38	0	41	70
Northeastern Ohio	107	50	50	0	44	67
Lake Michigan	278	64	36	0	40	68
East St. Louis	76	71	29	0	40	80
CORN BELT FRINGE AREAS	638	53	46	1	39	65
Toledo General Farming	155	54	46	0	36	69
Kankakee River	40	52	48	0	51	71
Lower Wabash River	80	63	37	0	49	77
Missouri Putnam Soils	84	46	54	0	41	62
Iowa-Missouri Pasture	61	62	38	0	40	73
Maryville-Greenfield Livestock	60	63	34	3	37	64
Southern Minnesota	95	37	63	0	41	55
La Crosse-Dubuque Livestock	63	56	41	3	31	59
GENERAL FARMING AREAS	713	61	38	1	42	69
Southeastern Ohio	115	63	37	0	33	65
Southeastern Indiana	132	54	46	0	44	68
Southwestern Missouri Plains	135	53	47	0	41	69
Central Minnesota-Wisconsin	170	60	38	2	43	67
Red River Valley	49	73	25	2	42	75
Central & Western Michigan	112	59	41	0	46	71
CUTOVER AND OZARK AREAS	163	66	33	1	41	71
Michigan Cutover	70	79	17	4	37	83
Missouri Ozark	93	62	38	0	42	67
MISSOURI-ILLINOIS COTTON AREA	58	16	84	0	27	31
REGIONAL TOTAL	2375	56	43	1	42	68

1/ Includes purchase contracts.

TABLE 11. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, fourth quarter 1944, North Central Region 1/

Area	Purchase money mortgages 2/	Other new mortgages by Individuals	FLB, LBC & FSA	Insurance Co.	Commercial banks	Other
	Percentages					
CORN BELT AREAS	25	10	10	19	33	3
Central Indiana-Ohio	22	13	2	6	43	14
Illinois-Indiana Cash Grain	25	0	13	37	25	0
Illinois-Iowa Livestock	11	11	6	22	50	0
Central & Northern Iowa	31	15	8	15	31	0
Western Iowa	33	6	28	17	11	5
DAIRY AREAS	33	23	6	2	33	3
Northeastern Ohio	24	15	4	4	48	5
Lake Michigan	37	33	4	1	23	2
East St. Louis	29	0	18	0	47	6
CORN BELT FRINGE AREAS	36	18	11	5	26	4
Toledo General Farming	21	15	3	4	51	6
Kankakee River	29	18	6	6	29	12
Lower Wabash River	26	17	9	0	44	4
Missouri-Putnam Soils	38	34	6	0	22	0
Iowa-Missouri Pasture	31	6	25	0	25	13
Maryville-Greenfield Livestock	71	14	5	5	5	0
Southern Minnesota	30	34	8	9	19	0
LaCrosse-Dubuque Livestock	44	12	20	8	16	0
GENERAL FARMING AREAS	36	20	7	0	22	15
Southeastern Ohio	25	15	5	0	16	39
Southeastern Indiana	14	18	2	0	54	12
Southwestern Missouri Plains	31	11	17	0	37	4
Central Minnesota-Wisconsin	41	19	4	0	29	7
Red River Valley	43	14	14	0	0	29
Central & Western Michigan	35	38	5	0	19	3
CUTOVER AND OZARK AREAS	28	24	6	0	39	3
Michigan Cutover	38	8	15	0	39	0
Missouri Ozark	25	29	3	0	39	4
MISSOURI-ILLINOIS COTTON AREA	58	2	4	5	4	27
REGIONAL TOTAL	32	17	9	7	28	7

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

MORTGAGE FINANCING

Sellers continue to be the principal source of credit for financing new land purchases but of less importance than a year ago. Thirty-two percent of the mortgaged purchases in the current quarter were financed by purchase money mortgages (Table 11) as compared to 41 percent in the fourth quarter of last year.

Commercial banks are becoming more common as a source of mortgage credit. The present quarter shows a higher proportion of bank loans than any previous quarter. A year ago banks provided credit for 26 percent of the financed purchases, 24 percent last quarter and 28 percent this quarter. For the first time bank credit has exceeded purchase money mortgages in the Corn Belt Areas.

The proportion of loans by insurance companies has not changed appreciably but it is significant to note that the majority of their loans are located in the better farming areas.

Loans by individuals and the Federal Land Banks and Farm Security Administration have not changed significantly in the past year but the proportion of loans by other agencies is more than double the fourth quarter of last year.

The mortgage debt per acre on financed purchases has reached a new peak in the Corn Belt Areas and in the Dairy Areas (Table 12). All of the primary types of farming areas of the region show a larger average debt per acre on total purchases as well as financed purchases than a year ago.

TABLE 12. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter - 1943-44. North Central Region

Year	Corn Belt areas		Dairy areas		Corn Belt Fringe areas		Gen. Farming areas	
	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
	Dollars							
1943								
1st Quarter	41	60	28	50	22	32	12	20
2nd Quarter	42	59	27	53	19	34	11	20
3rd Quarter	33	56	28	55	20	37	9	20
4th Quarter	36	60	26	53	20	37	11	21
1944								
1st Quarter	43	62	31	56	23	38	13	25
2nd Quarter	39	61	29	51	23	41	12	26
3rd Quarter	29	64	23	48	20	39	11	24
4th Quarter	39	65	28	59	22	39	12	25

Forty-three percent of the loans made on mortgages in the current quarter bear five percent interest. (Table 13). Twenty-three percent have an interest charge of 4 percent and 22 percent of the loans carry an interest rate

of 6 percent. A somewhat smaller proportion of loans have less than 5 percent interest than last quarter. 1/

TABLE 13. Proportion of new farm land mortgages made at various interest rates, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region.

Type of Lender	Total cases	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
	(Number)	Percent								
Individual	90	0	5	0	22	7	46	20	0	0
Commercial banks	94	0	0	0	16	5	50	29	0	0
Insurance companies	13	0	0	0	85	15	0	0	0	0
FLB and LBC	10	0	0	0	80	0	20	0	0	0
Others	37	0	8	0	11	0	48	30	3	0
TOTAL	244	0	3	0	23	5	43	22	4	0
Interest rate not given	72									
GRAND TOTAL	316									

Fifty-seven percent of the mortgages on current quarter purchases will come due within five years or less (Table 14). Eighty-five percent of those buyers who gave mortgages will have not more than ten years to pay them off. This is about double the proportion reported in previous quarters of this year.

TABLE 14. Proportion of new farm mortgages made for various lengths of time, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region.

Type of Lender	Total cases	Length of Mortgage					
		1 year or less	2, 3, or 4 years	5 years	6,7,8, or 9 years	10 years	Over 10 Years
	(Number)	Percent					
Individuals	81	15	11	41	14	17	2
Commercial banks	86	14	5	46	8	19	8
Insurance companies	19	0	0	0	11	26	63
FLB and LBC	8	0	0	0	0	0	100
Other	16	13	0	50	6	13	18
TOTAL	210	12	6	39	10	18	15
Length of Mortgage not given	106						
GRAND TOTAL	316						

1/ Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Porter, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Fayette, Palo Alto and Story, Iowa; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee and Gratiot, Michigan; and Cottonwood, Minnesota.

Only 38 percent of mortgages on current quarter sales carry plans for full amortization of the debt. (Table 15). This is a sharp drop from more than half in the two preceding quarters. However, there has been a considerable increase in the proportion of partially amortized loans but not great enough to prevent an increase in the percent of loans carrying no plan of amortization.

TABLE 15. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region

Type of Lender	Total Cases	Percent of total mortgages: Fully Amortized	Partially Amortized	Not Amortized
	(Number)	- - - - - - - Percent- - - - - - -		
Individuals	76	21	38	41
Commercial banks	106	33	39	28
Insurance companies	21	29	57	14
FLB and LBC	10	100	0	0
Other	39	74	21	5
TOTAL	252	38	36	26
Method of repayment not given	64			
GRAND TOTAL	316			

RESALES

The third quarter of the current year is the first time resales of land held one year or less have accounted for more than 10 percent of the total quarterly sales (Figure 3). Almost 13 percent of the third quarter transfers were resales of tracts held one year or less.1/

1/ See Table 16 for counties used in the study of Resales.

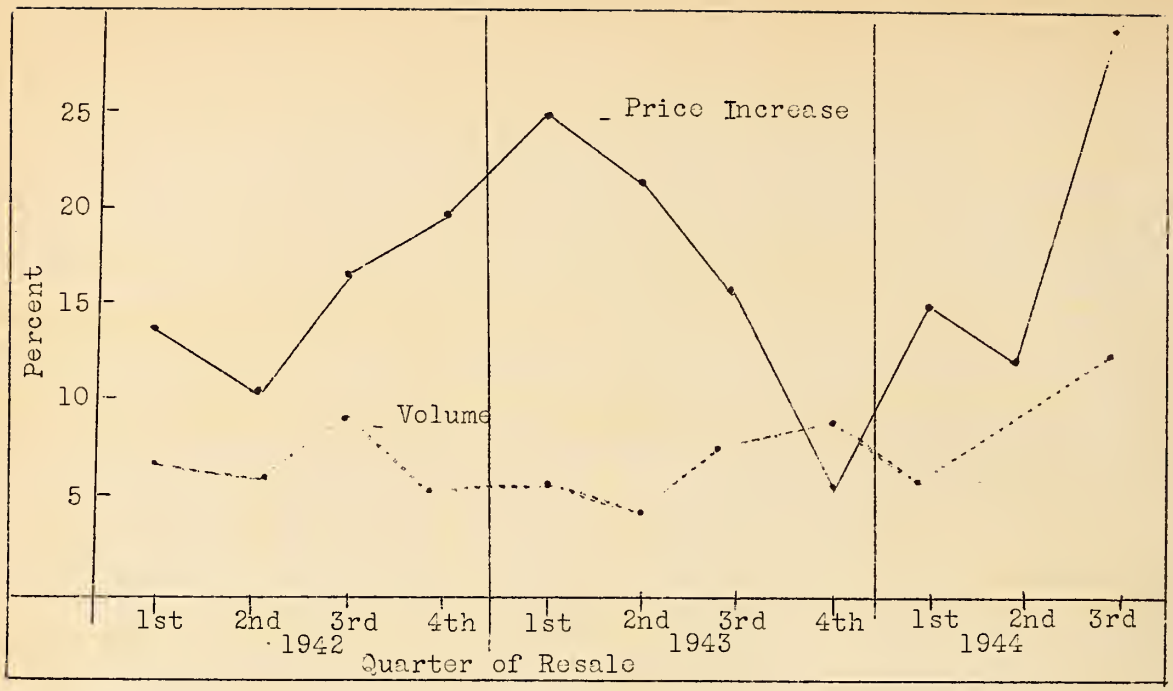

FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. 2/

The profit which usually prompts such resales also rose to a new high. Persons making these quick resales received an average of 28.3 percent more than they originally paid for the land.

Seventeen percent of the transfers in the third quarter were resales of land purchased within the preceding two years (Table 16). Tracts resold in the last quarter within six months of the purchase date show a profit of $42\frac{1}{2}$ percent. Slightly over 1/5 of the tracts sold in the third quarter of the present year were purchased since January 1, 1941.

Land sold in the current quarter was retained in ownership of the seller an average of 13 years 3/. This compares with 12 years for land sold in the fourth quarter of last year and 11 years for land sold last quarter. However, thirty-four percent of the tracts sold in the current quarter were in the sellers possession not more than 5 years.

2/ Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

3/ Based on data from 461 questionnaires returned by individuals selling land.

TABLE 16. Number and percentage of third quarter 1944 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	Number of resales by months between Purchase and Resale: Not over 6 Months	Over 6, not over 12 Months	Over 12, not over 18 Months	Over 18, not over 24 Months	TOTAL	Ratio of Resales to all Sales	Sales of properties held more than 24 Months	All sales properties purchased after December 31, 1940: Total	Ratio to all sales
Knox, Illinois	26	2	0	0	2	4	15%	3	7	27 %
McHenry, Illinois	18	1	0	2	0	3	17	0	3	17
Fayette, Iowa	22	0	1	0	1	2	9	0	2	9
Cedar, Iowa	9	1	0	0	0	1	11	0	1	11
Audrain, Missouri	37	1	6	0	3	10	27	1	11	30
Putnam, Ohio	36	3	1	1	0	5	14	0	5	14
Rush, Indiana	18	1	0	0	0	1	6	2	3	17
Cottonwood, Minn.	12	0	0	0	0	0	0	0	0	0
Steele, Minnesota	7	1	0	0	0	1	14	0	1	14
Jennings, Indiana	47	6	8	2	1	17	36	2	19	40
Nodaway, Missouri	25	2	1	1	0	4	16	1	5	20
Harrison, Missouri	35	3	1	0	0	4	11	0	4	11
Crawford, Iowa	10	0	0	1	0	1	10	0	1	10
Pemiscot, Missouri	9	0	1	0	0	1	11	1	2	22
TOTAL	311	21	19	7	7	54	17.4%	10	64	20.6%
Percentage change in price		+42.5%	+13.1%	+28.5%	+26.0%	+28.0%		+48.5%	+30.6%	
Second Quarter 1944 TOTAL	454	29	14	10	11	64	14.1%	24	88	19.4%
Percentage change in price		+8.2%	+23.4%	+26.9%	+31.9%	+15.6%		+37.2%	+21.6%	

1/ It will be noted that the table is based on third quarter transfers.

OUTLOOK

Three successive quarters of the current year have shown a lower volume of transfers than comparable quarters of the preceding year with sales made at continually increasing prices. Such a process can be expected to continue and may be accentuated. The number of unwilling owners has been reduced and almost 2/3 of all the tracts transferred in this region in the past two years have been purchased by farmers. The principal purpose of these buyers is the owner-operatorship of land, The recent increase in the proportion of non-farmer buyers with intentions to operate seems to aim at post-war security. It will be difficult to persuade either of these groups of buyers to sell their land except at substantially higher prices than they paid.

The reduction in the number of unwilling owners plus the apparent reduction in the number of speculative buyers seems to point to a continued lower volume of transfers. The fact that most of the land is now in strong hands plus the fact that farm incomes are apt to continue at or near their present level for at least another year would indicate that land prices will be maintained at their present levels or go somewhat higher during the next few months. A continuation of the purchase of land by non-farmers for security reasons may tend to increase land prices, particularly in the lower priced areas.

The percent of equity in financed purchases seems to be maintaining itself fairly well. However, with prices continuing to advance a higher dollar debt per acre is resulting. It may be possible to maintain the present percentage equity but it appears almost inevitable that the average dollar debt per acre on new financed purchases will increase.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
- Grant Co., Ind.
- Rush Co., Ind.
- Tippecanoe Co., Ind.
- Darke Co., Ohio
- Madison Co., Ohio

Illinois-Indiana Cash Grain
- Logan Co., Ill.
- Champaign Co., Ill.
- Livingston Co., Ill.

Illinois-Iowa Livestock
- Knox Co., Ill.
- Ogle Co., Ill.
- Cedar Co., Iowa

Central & Northern Iowa
- Benton Co., Iowa
- Cerro Gordo Co., Iowa
- Palo Alto Co., Iowa
- Story Co., Iowa

Western Iowa
- Crawford Co., Iowa
- Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
- Medina Co., Ohio
- Wayne Co., Ohio

Lake Michigan
- Brown Co., Wis.
- Jefferson Co., Wis.
- McHenry Co., Ill.
- Porter Co., Ind.
- Van Buren Co., Mich.

East St. Louis
- Clinton Co., Ill.
- Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
- Adams Co., Ind.
- Putnam Co., Ohio
- Seneca Co., Ohio
- Lenawee Co., Mich.

Kankakee River
- Newton Co., Ind.
- Noble Co., Ind.

Lower Wabash
- Parke Co., Ind.
- Knox Co., Ind.

Missouri-Putnam
- Audrain Co., Mo.
- Monroe Co., Mo.

Iowa-Missouri Pasture
- Clarke Co., Iowa
- Harrison Co., Mo.

Maryville-Greenfield
- Nodaway Co., Mo.
- Adair Co., Iowa

Southern Minnesota
- Cottonwood Co., Minn.
- McLeod Co., Minn.
- Steele Co., Minn.

LaCrosse-Dubuque
- Fayette Co., Iowa
- Lafayette Co., Wis.
- Winona Co., Minn.

General Farming Areas

Southeastern Ohio
- Muskingum Co., Ohio
- Pike Co., Ohio

Southeastern Indiana
- Jennings Co., Ind.
- Ripley Co., Ind.

Southwestern Mo. Plains
- Johnson Co., Mo.
- Lawrence Co., Mo.

Central Minn.-Wisconsin
- Barron Co., Wis.
- Morrison Co., Minn.

Red River Valley
- *Stevens Co., Minn.
- Norman Co., Minn.

Central & Western Mich.
- Livingston Co., Mich.
- Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover (Lower Peninsula)
- Emmet Co., Mich.
- Ogemaw Co., Mich.

Missouri Ozark
- Laclede Co., Mo.

Cotton Area

- Pemiscot Co., Mo.

*Omitted this quarter